

Budget Narrative / Justification

The State of Arkansas is developing a statewide strategic and operational plan for HIE as part of this project. In advance of completing this plan, the application requires completion and submission of a budget. As such, assumptions were made regarding scope, technology, and rollout of an HIE for Arkansas. The values presented provide our best estimate of operations over the four-year project period. In the absence of strategic and operations plans consistent with ONC guidance, this budget was developed based on the availability of additional funding resources and the following assumptions:

- Development and deployment of a “federated” HIE architecture with software to manage data and access data, developed based upon nationwide best practices;
- Development and implementation of strong security, identity management, data loss prevention and access control protocols; and
- Assumption for Rollout Timeframe:
 - Phase 1 (months 1-6): Strategic and operational planning will occur
 - Phase 2: Rapid implementation of proof of concept
 - Phase 3: Rapid pilot deployment to demonstrate HIE capabilities and the ability to deliver core capabilities sufficient to demonstrate meaningful use
 - Phase 4: Dual implementation of robust public and constituent education and adoption training effort and statewide rollout to connect the majority of eligible provider locations with core capabilities sufficient to demonstrate meaningful use by the end of Year 4

Funds from the grant will be primarily utilized to support the initial planning phase and to prepare to administer the development of the HIE environment. Upon acceptance of the terms and conditions of the cooperative agreement, the State of Arkansas will meet its matching obligations in support of the initial project requirements. Additional requirements will only be met subject to the availability of additional funding resources, including federal funds, state funds, private sources, in-kind contributions from public and private sources and other sources, such as user subscription fees.

It is important to note that Arkansas is currently developing relationships with other states regarding their HIE initiatives to leverage best practices made possible by federal, state and private investments. As such, it is anticipated that such leverage will reduce the overall cost of system deployment while increasing impact. In the absence of commitments from other states, Arkansas has developed an estimate based on commercially-available software components to be configured to meet HIE and Arkansas requirements. More detailed budget and financial operational plans will be developed as the overall HIE strategic plan is completed.

Cost structure. In developing a cost structure estimate for the HIE, it is assumed that the cost to build the underlying technical infrastructure and implement the software structure, subject to available funding resources, may be incurred during the first 21 months. Upon receipts of funding, development and implementation will commence with a proof of concept and begin deployment of the HIE during the mid to latter months of the 21-month period. Equipment and software acquisition totaling \$5,499,239 will be phased in over the first 21 months.

Where practical, the HIE will take advantage of the technical expertise, infrastructure components and network components that exist within the State of Arkansas in public and private domains. While state agencies and/or private organizations can provide technical or deployment services, the HIE will be governed by an independent entity. Subject to the availability of additional funding resources, the HIE will have its own staff and management structure. Staffing will be phased in starting in Year 1 and will be determined according to the operational plan developed in the first phase of the project.

Timing is critical to the level of funding needed in the first two years, and will remain another key factor regarding implementation funding requirements.

The budget, subject to the full strategic and operational plan, based on the above outlined assumptions for the first four years, is shown in the following tables:

Consolidated Budget, Years 1-4, 1/15/2010-9/30/2013:

| OBJECT CLASS CATEGORY | FEDERAL FUNDS | NON-FEDERAL CASH | NON-FEDERAL IN-KIND | TOTAL | JUSTIFICATION |
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| Personnel | \$1,551,128.73 | \$231,181.60 | \$0 | \$1,782,310.33 | See detail justification in annual budgets. |
| Fringe Benefits | \$465,338.62 | \$69,354.48 | \$0 | \$534,693.10 | See detail justification in annual budgets. |
| Travel | \$26,362.00 | \$1,638.00 | \$0 | \$28,000.00 | See detail justification in annual budgets. |
| Equipment | \$1,772,858.00 | \$80,814.00 | \$0 | \$1,853,672.00 | See detail justification in annual budgets. |
| Supplies | \$18,636.00 | \$364.00 | \$0 | \$19,000.00 | See detail justification in annual budgets. |
| Contractual | \$3,838,835.64 | \$191,731.36 | \$0 | \$4,030,567.00 | See detail justification in annual budgets. |
| Other | \$81,129.00 | \$7,371.00 | \$0 | \$88,500.00 | See detail justification in annual budgets. |
| Indirect Charges | \$155,112.87 | \$23,118.16 | \$0 | \$178,231.03 | See detail justification in annual budgets. |
| TOTAL | \$7,909,400.86 | \$605,572.60 | \$0 | \$8,514,973.46 | |
| <p>Per instruction from Grants Management Specialist, Geoffrey Ntosi, Arkansas is adjusting the budget originally submitted to reflect the federal and state share of the ARRA HIE development. The original budget submission projected costs of a full scale system that followed the assumptions referenced in our proposal. Our proposal explicitly states that the budget is simply an estimate and that the final budget calculations would correspond to the completion of our strategic plan, which would be submitted to ONC upon completion of the planning period.</p> | | | | | |

Budget, Year 1, 1/15/2010 – 9/30/2010:

| OBJECT CLASS CATEGORY | FEDERAL FUNDS | NON-FEDERAL CASH | NON-FEDERAL IN-KIND | TOTAL | JUSTIFICATION |
|-----------------------------------------------------------------------------------------|---------------------|------------------|---------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Personnel | \$293,958.33 | \$0 | \$0 | \$293,958.33 | Staffing phased in from Jan 15, 2010 |
| HIT Coordinator | \$85,000 | | | \$85,000 | 0.71 FTE of \$120,000.00 |
| Health Information Officer | \$74,375 | | | \$74,375 | 0.71 FTE of \$105,000.00 |
| Chief Security Officer | \$56,666.67 | | | \$56,666.67 | 0.71 FTE of \$80,000.00 |
| Procurement Officer | \$28,333.33 | | | \$28,333.33 | 0.71 FTE of \$40,000.00 |
| Analyst Position | \$28,333.33 | | | \$28,333.33 | 0.71 FTE of \$40,000.00 |
| Analyst Position | \$0 | | | \$0 | Position begins in Year 2 |
| Administrative Assistant | \$21,250 | | | \$21,250 | 0.71 FTE of \$30,000.00 |
| Administrative Assistant | \$0 | | | \$0 | Position begins in Year 2 |
| Fringe Benefits | \$88,187.50 | | | \$88,187.50 | Fringe calculated @ 30% per standard State rates |
| Travel | \$10,000 | | | \$10,000 | |
| Mandatory Grantee Conferences & Meetings | \$4,700 | | | \$4,700 | 2 staff at 2 conferences (4 tickets x\$500 ea, 8 hotel nights x\$235/nt, 8 per diems x\$75/dy, 4 partial per diems x\$56.25/dy) |
| Statewide travel to support deployment of HIE system (10 overnight trips, 14 day trips) | \$5,300 | | | \$5,300 | 10 overnts (10 hotel nights x\$88, 10 per diems x\$61, 10 partial per diems x\$45.75, avg 385 RT mi x\$.42/mi x10 trips) and 14 dys (14 partial per diems x\$45.75, avg 185 RT mi x14 trips x\$.42/mi) |
| Equipment | \$961,814 | \$0 | \$0 | \$961,814 | |
| HIE Servers | \$96,180 | | | \$96,180 | 3 servers @ approx \$32,000 each |
| HIE Storage | \$259,690 | | | \$259,690 | Data storage capacity @ approx \$100,000 per TB |
| HIE Network Equipment | \$517,470 | | | \$517,470 | Routers, hubs, switches, etc. |
| Computers and Peripherals | \$28,000 | | | \$28,000 | Laptops, printers, peripherals; 8 setups @ approx \$3,500 each |
| Hub & Edge Backup Equipment | \$60,474 | | | \$60,474 | Offsite backup equipment - server @ approx \$20,000, storage @ approx \$30,000, networking @ approx \$10,000 |
| Supplies | \$15,000 | \$0 | \$0 | \$15,000 | |
| Office Supplies | \$3,000 | | | \$3,000 | General office supplies & consumables |
| Furniture | \$8,000 | | | \$8,000 | Basic office furniture; 8 setups @ approx \$1,000 each |
| Phones | \$4,000 | | | \$4,000 | Digital phone equipment; 8 setups @ approx \$500 each |
| Contractual | \$1,923,629 | \$0 | \$0 | \$1,923,629 | |
| Strategic Planning | \$150,000 | | | \$150,000 | Strategic planning consulting fees (approx 2,000 hrs x \$75/hrs) |
| Audits | \$10,000 | | | \$10,000 | Annual fees for compliance audit (approx 200 hrs x \$50/hr) |
| Legal | \$10,000 | | | \$10,000 | Legal fees for regulatory compliance (approx 100 hrs x \$100/hr) |
| Network Design Engineering | \$288,500 | | | \$288,500 | Consulting fees for network design engineering (approx \$34,000/month for 8.5 months) |
| HIE Software | \$659,452 | | | \$659,452 | Negotiated fees based on market research, software licenses \$362,699, implementation costs of \$296,753 for proof of concept |

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| ID Mgmt & Access Control Software | \$755,677 | | | \$755,677 | Negotiated fees based on industry research, software licenses \$302,271, implementation costs of \$453,406 for proof of concept |
| Other Contractual | \$50,000 | | | \$50,000 | Miscellaneous contract for Medicaid/Medicare HIE interface consulting services approx 333 hrs x \$150/hr |
| Other | \$7,500 | \$0 | \$0 | \$7,500 | |
| End User OnBoarding Assistant | \$4,500 | | | \$4,500 | Add 6 users for HIE proof of concept (\$750 per user) |
| Public Education & Outreach | \$3,000 | | | \$3,000 | Public information campaign & outreach |
| TOTAL DIRECT CHARGES | \$3,300,088.83 | \$0 | \$0 | \$3,300,088.83 | |
| INDIRECT CHARGES | \$29,395.83 | | \$0 | \$29,395.83 | No current indirect cost rate for SDE; 10% rate based on direct salaries; indirect cost rate will be established by HIE office |
| TOTAL FISCAL YEAR 1 CHARGES | \$3,329,484.66 | \$0 | \$0 | \$3,329,484.66 | |

Budget, Year 2, 10/1/2010-9/30/2011:

| OBJECT CLASS CATEGORY | FEDERAL FUNDS | NON-FEDERAL CASH | NON-FEDERAL IN-KIND | TOTAL | JUSTIFICATION |
|-----------------------------------------------------------------------------------------|---------------------|--------------------|---------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Personnel | \$455,954.40 | \$45,645.60 | \$0 | \$501,600 | |
| HIT Coordinator | \$113,443.20 | \$11,356.80 | | \$124,800 | 1.00 FTE of \$124,800.00 |
| Health Information Officer | \$99,262.80 | \$9,937.20 | | \$109,200 | 1.00 FTE of \$109,200.00 |
| Chief Security Officer | \$75,628.80 | \$7,571.20 | | \$83,200 | 1.00 FTE of \$83,200.00 |
| Procurement Officer | \$37,814.40 | \$3,785.60 | | \$41,600 | 1.00 FTE of \$41,600.00 |
| Analyst Position | \$37,814.40 | \$3,785.60 | | \$41,600 | 1.00 FTE of \$41,600.00 |
| Analyst Position | \$36,360 | \$3,640 | | \$40,000 | 1.00 FTE of \$40,000.00 |
| Administrative Assistant | \$28,360.80 | \$2,839.20 | | \$31,200 | 1.00 FTE of \$31,200.00 |
| Administrative Assistant | \$27,270 | \$2,730 | | \$30,000 | 1.00 FTE of \$30,000.00 |
| Fringe Benefits | \$136,786.32 | \$13,693.68 | | \$150,480 | Fringe calculated @ 30% per standard State rates |
| Travel | \$16,362 | \$1,638 | | \$18,000 | |
| Mandatory Grantee Conferences & Meetings | \$6,762.96 | \$677.04 | | \$7,440 | 3 staff at 2 conferences (6 tickets x\$525 ea, 12 hotel nights x\$245/nt, 12 full per diems x\$80/dy, 6 partial per diems x\$60/dy) |
| Statewide travel to support deployment of HIE system (15 overnight trips, 40 day trips) | \$9,599.04 | \$960.96 | | \$10,560 | 15 overnts (15 hotel nights x\$90, 15 full per diems x\$63, 15 partial per diems x\$47.25, avg 385 RT mi x\$.43/mi x15 trips) and 40 dys (40 partial per diems x\$47.25, avg 185 RT mi x40 trips x\$.43/mi) |
| Equipment | \$811,044 | \$80,814 | \$0 | \$891,858 | |
| HIE Servers | \$87,264 | \$8,736 | | \$96,000 | 3 servers @ approx \$32,000 each |
| HIE Storage | \$272,700 | \$27,300 | | \$300,000 | Data storage capacity @ approx \$100,000 per TB |
| HIE Network Equipment | \$391,086 | \$38,772 | | \$429,858 | Routers, hubs, switches, etc. |
| Computers and Peripherals | \$5,454 | 546 | | \$6,000 | Laptops, printers, peripherals; upgrades/replace existing equipment |
| Hub & Edge Backup Equipment | \$54,540 | 5460 | | \$60,000 | Offsite backup equipment - server @ approx \$20,000, storage @ |

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| | | | | | approx \$30,000, networking @ approx \$10,000 |
| Supplies | \$3,636 | \$364 | \$0 | \$4,000 | |
| Office Supplies | \$2,727 | \$273 | | \$3,000 | General office supplies & consumables |
| Furniture | \$454.50 | \$45.50 | | \$500 | Basic office furniture repair/replace existing setups |
| Phones | \$454.50 | \$45.50 | | \$500 | Digital phone equipment repair/replace existing setups |
| Contractual | \$1,915,206.64 | \$191,731.36 | \$0 | \$2,106,938 | |
| Strategic Planning | \$68,175 | \$6,825 | | \$75,000 | Ongoing strategic planning consulting fees (approx 700 hrs x \$80/hr and approx 380 hrs x \$50/hr) |
| Audits | \$18,180 | \$1,820 | | \$20,000 | Annual fees for compliance audit (approx 400 hrs x \$50/hr) |
| Legal | \$18,180 | \$1,820 | | \$20,000 | Legal fees for regulatory compliance (approx 200 hrs X \$100/hr) |
| Network Design Engineering | \$90,900 | \$9,100 | | \$100,000 | Consulting fees for network design engineering (approx \$8,300/mo) |
| HIE Software | \$872,640 | \$87,360 | | \$960,000 | Negotiated license/implementation fees for second-year roll-out; license fees of \$528,000 and implementation costs of \$432,000 |
| ID Mgmt & Access Control Software | \$801,681.64 | \$80,256.36 | | \$881,938 | Negotiated license/implementation fees for second-year roll-out; license fees of \$352,775 and implementation costs of \$529,163 |
| Other Contractual | \$45,450 | \$4,550 | | \$50,000 | Miscellaneous contract for Medicaid/Medicare HIE interface consulting services approx 335 hrs x \$150/hr |
| Other | \$73,629 | \$7,371 | \$0 | \$81,000 | |
| End User OnBoarding Assistant | \$68,175 | \$6,825 | | \$75,000 | Add an additional 100 users for HIE adoption (\$750 per user) |
| Public Education & Outreach | \$5,454 | \$546 | | \$6,000 | Public information campaign & outreach |
| TOTAL DIRECT CHARGES | \$3,412,618.36 | \$341,257.64 | \$0 | \$3,753,876 | |
| INDIRECT CHARGES | \$45,595.44 | \$4,564.56 | | \$50,160 | No current indirect cost rate for SDE; 10% rate based on direct salaries; indirect cost rate will be established by HIE office |
| TOTAL FISCAL YEAR 2 CHARGES | \$3,458,213.80 | \$345,822.20 | \$0 | \$3,804,036 | |

Budget, Year 3, 10/1/2011-9/30/2012:

| OBJECT CLASS CATEGORY | FEDERAL FUNDS | NON-FEDERAL CASH | NON-FEDERAL IN-KIND | TOTAL | JUSTIFICATION |
|----------------------------|---------------------|--------------------|---------------------|---------------------|--------------------------------------------------|
| Personnel | \$426,056.49 | \$60,865.22 | \$0 | \$486,921.71 | |
| HIT Coordinator | \$113,568 | \$16,224 | | \$129,792 | 1.00 FTE of \$129,792.00 |
| Health Information Officer | \$99,372 | \$14,196 | | \$113,568 | 1.00 FTE of \$113,568.00 |
| Chief Security Officer | \$75,712 | \$10,816 | | \$86,528 | 1.00 FTE of \$86,528.00 |
| Procurement Officer | \$9,464 | \$1,352 | | \$10,816 | 0.25 FTE of \$43,264.00 |
| Analyst Position | \$37,856 | \$5,408 | | \$43,264 | 1.00 FTE of \$43,264.00 |
| Analyst Position | \$36,400 | \$5,200 | | \$41,600 | 1.00 FTE of \$41,600.00 |
| Administrative Assistant | \$28,392 | \$4,056 | | \$32,448 | 1.00 FTE of \$32,448.00 |
| Administrative Assistant | \$25,292.49 | \$3,613.21 | | \$28,905.71 | .926 FTE of \$31,200.00 |
| Fringe Benefits | \$127,816.95 | \$18,259.56 | | \$146,076.51 | Fringe calculated @ 30% per standard State rates |

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| Travel | \$2,810.50 | \$401.50 | \$0 | \$3,212 | |
| Mandatory Grantee Conferences & Meetings | \$2,810.50 | \$401.50 | | \$3,212 | HIT Coord. to 2 conferences (2 tickets x\$535 ea, 6 hotel nights x\$255/nt, 6 full per diems x\$82/dy, 2 partial per diems x\$60/dy) |
| Equipment | \$0 | \$0 | \$0 | \$0 | |
| Supplies | \$0 | \$0 | \$0 | \$0 | |
| Contractual | \$0 | \$0 | \$0 | \$0 | |
| Other | \$0 | \$0 | \$0 | \$0 | |
| TOTAL DIRECT CHARGES | \$556,683.94 | \$79,526.28 | \$0 | \$636,210.22 | |
| INDIRECT CHARGES | \$42,605.65 | \$6,086.52 | \$0 | \$48,692.17 | No current indirect cost rate for SDE; 10% rate based on direct salaries; indirect cost rate will be established by HIE office |
| TOTAL FISCAL YEAR 3 CHARGES | \$599,289.59 | \$85,612.80 | \$0 | \$684,902.39 | |

Budget Year 4, 10/1/2012-9/30/2013:

| OBJECT CLASS CATEGORY | FEDERAL FUNDS | NON-FEDERAL CASH | NON-FEDERAL IN-KIND | TOTAL | JUSTIFICATION |
|------------------------------------------|----------------------|-------------------------|----------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Personnel | \$371,376.65 | \$123,792.22 | \$0 | \$495,168.87 | |
| HIT Coordinator | \$101,237.76 | \$33,745.92 | | \$134,983.68 | 1.00 FTE of \$134,983.68 |
| Health Information Officer | \$88,583.04 | \$29,527.68 | | \$118,110.72 | 1.00 FTE of \$118,110.72 |
| Chief Security Officer | \$67,491.84 | \$22,497.28 | | \$89,989.12 | 1.00 FTE of \$89,989.12 |
| Procurement Officer | | | | \$0 | Position eliminated in Year 4 |
| Analyst Position | \$33,745.92 | \$11,248.64 | | \$44,994.56 | 1.00 FTE of \$44,994.56 |
| Analyst Position | \$32,448 | \$10,816 | | \$43,264 | 1.00 FTE of \$43,264.00 |
| Administrative Assistant | \$25,309.44 | \$8,436.48 | | \$33,745.92 | 1.00 FTE of \$33,745.92 |
| Administrative Assistant | \$22,560.64 | \$7,520.21 | | \$30,080.86 | .927 FTE of \$32,448.00 |
| Fringe Benefits | \$111,412.99 | \$37,137.66 | | \$148,550.65 | Fringe calculated @ 30% per standard State rates |
| Travel | \$2,485.50 | \$828.50 | \$0 | \$3,314 | |
| Mandatory Grantee Conferences & Meetings | \$2,485.50 | \$828.50 | | 3,314 | HIT Coordinator to 2 conferences (2 tickets x\$545 ea, 6 hotel nights x\$265/nt, 6 full per diems x\$85/dy, 2 partial per diems x\$62/dy) |
| Equipment | \$0 | \$0 | \$0 | \$0 | |
| Supplies | \$0 | \$0 | \$0 | \$0 | |
| Contractual | \$0 | \$0 | \$0 | \$0 | |
| Other | \$0 | \$0 | \$0 | \$0 | |
| TOTAL DIRECT CHARGES | \$485,275.14 | \$161,758.38 | \$0 | \$647,033.52 | |
| INDIRECT CHARGES | \$37,137.66 | \$12,379.22 | | \$49,516.88 | No current indirect cost rate for SDE; 10% rate based on direct salaries; indirect cost rate will be established by HIE office |
| TOTAL FISCAL YEAR 4 CHARGES | \$522,412.80 | \$174,137.60 | \$0 | \$696,550.40 | |

